



THE STATE
of **ALASKA**
GOVERNOR MIKE DUNLEAVY

Department of Natural Resources

DIVISION OF OIL AND GAS

550 W. 7th Avenue Suite 1100
Anchorage, Alaska 99501-3560
Main: 907.269.8800
Fax: 907.269.8939

March 29, 2022

Greg Horner
Permitting Manager
Oil Search (Alaska), LLC, a subsidiary of Santos Limited
P.O. Box 240927
Anchorage, AK 99524

RE: MLUPNS 22-001, Oil Search (Alaska), LLC, KRU Access Corridors Miscellaneous Land Use Permit Approval

Dear Mr. Horner:

The Department of Natural Resources (DNR), Division of Oil and Gas (Division) approves the February 9, 2022, Oil Search (Alaska), LLC (OSA) Kuparuk River Unit (KRU) Access Corridors Miscellaneous Land Use Permit (MLUP) application to obtain year-round access to existing gravel roads in the KRU on the North Slope. The enclosed permit, MLUPNS 22-001, authorizes OSA access to its easements within the KRU, the Pikka Unit (PKU), and other lands to which OSA holds mineral lease interest, subject to the stipulations of the permit. The permit authorizes access to approximately 75.5 miles of existing gravel roads. The permit effectuates reasonable concurrent uses on state land consistent with previously approved Division authorizations. The permit is consistent with the best interest of the State in development and management of state land.

This permit is effective on March 29, 2022 and terminates March 29, 2027. The permit may not be used until OSA complies with the stipulations in the permit.

Background:

The PKU is located to the west of the KRU, which is operated by ConocoPhillips Alaska, Inc. (CPAI) on the North Slope. OSA was designated PKU Operator in March 2018. After completing two exploration drilling projects on other lands to which OSA holds mineral interest, Mitquq and Stirrup, OSA proceeded with multiple projects to develop the PKU and connect it to existing North Slope infrastructure. The Division has granted authorizations to OSA, in the form of a plan of operations and seven easements, that approved the placement of infrastructure necessary to develop the PKU.

Purpose:

This permit is intended to authorize access to OSA's easements within the KRU, PKU development projects, and other lands to which OSA holds a mineral interest until a commercial road use agreement is executed between OSA and CPAI to provide for reasonable concurrent

use. OSA will exercise good faith to reach an outcome for a commercial road use agreement with CPAI as expeditiously as practicable.

Authority:

This authority is implemented, in part, through regulations at 11 AAC 96. Specifically, 11 AAC 96.010(a)(3), which states that a permit is required for “an activity on [state] land subject to a mineral or land estate property interest by a person other than the holder of a property interest, or the holder’s authorized representative, if the parties cannot agree on what constitutes reasonable concurrent use.”

Issuance of a permit under 11 AAC 96 is not a disposal of an interest in land and does not grant a preference right to a lease or other disposal. The permit is revocable for cause for violation of any permit stipulation of this chapter, or at will, if the DNR determines that the revocation is in the state's interest. If revoked for breach of any stipulation, OSA shall immediately vacate the premises. This permit is non-transferable. The proposed activities are for a discrete and limited duration with limited, temporary impact to the land. Therefore, the permit is both legally and functionally revocable. Each permit issued is subject to any stipulations the DNR determines necessary to assure compliance with this chapter, to minimize conflicts with other uses, to minimize environmental impacts, or otherwise to be in the interests of the state. The Division Director has the right at any time to amend or modify any provisions of this permit or revoke this permit.

KRU Concurrent Use Reservations:

The permit provides for the reasonable concurrent use of state land in the KRU. The KRU contains subsurface leases and operations in support of those subsurface activities that are governed by a unit agreement. The leases and unit agreement provide for reservations for reasonable concurrent uses consistent with the Alaska Constitution, AS 38.05, and associated regulations.

Specifically, the 1981 KRU Agreement section 3.6 provides that “[t]he State of Alaska retains all rights reserved to it to explore, use, dispose of, or otherwise act upon or with respect to the surface and subsurface to the same extent as those rights are reserved in the oil and gas leases.”

The KRU Access Corridors are comprised of multiple leases that have been obtained throughout the history of the field. Two lease forms have been used when issuing leases in the KRU: Form No. DMEM-4-83 and Form DL1.

Form No. DMEM-4-83 provides in Section 2. Reserved Rights, that:

a) The state, for itself and others, reserves all rights not expressly granted to the lessee by this lease. These reserved rights include but are not limited to: 5. The right otherwise to manage and dispose of the surface of the leased area or interests in that land by grant, lease, permit, or otherwise to third parties. b. The rights reserved may be exercised by the state, or by any other person or entity acting under authority of the state, in any manner

that does not unreasonably interfere with or endanger the lessee's operations under this lease.

Form DL1 provides in Section 29.

Reservations, that: Lessor reserves the right to dispose of the surface of said land to others subject to this lease, and the right to authorize others by grant, lease, or permit subject to this lease and under such conditions as will prevent unnecessary or unreasonable interference with the rights of Lessee and operations under this lease, to enter upon and use said land: e. For any other purpose now or hereafter authorized by law and not inconsistent with the rights of Lessee under this lease.

Administrative Record:

The administrative record for this permit consists of the application by OSA and comments received. The following case files are applicable to the Pikka Development Project supported by this authorization:

- Finnex, LLC oil and gas lease case file ADL 392627 and 393686
- Mustang Holdings LLC oil and gas lease case file ADL 390680, 390681, 390691, and 390692
- CPAI oil and gas lease case file ADL 25513, 25520, 25570, 25585, 25586, 25587, 25590, 25629, 25630, 25633, 25634, 25641, 25646, 25653, 25654, 25655, 355023, 355024, and 373301
- OSA oil and gas lease case file ADL 391022, 391553, 392962, 392963, 392964, 392966, 392967, 392982, 392983, 392984, 392985, 392986, 392987, 392988, 392989, 393012, 393013, 393014, 393016, 393029, 393879, 393880, and 393881
- ADL 403737 CPAI tideland lease
- OSA LONS 19-003 Nanushuk (Pikka) Project Plan of Operations
- ADL 421229 Nanushuk (Pikka) Processing Facility (NPF) Easement
- ADL 421228 Nanushuk (Pikka) Operation Pad (NOP) Easement
- ADL 421218 Nanushuk (Pikka) Road and Pumphouse Pad Easement
- ADL 421488 Pikka Seawater Treatment Plant (STP) Easement
- ADL 421526 Pikka STP Make-up Water and Gas Pipelines Easement
- ADL 421348 Pikka Tie-in-Pad Easement
- ADL 421723 OSA Pikka Unit to TIP Pipelines
- ADL 419387 ENI Onshore Production Pad Easement
- ADL 417493 ENI Nikaitchuq Pipelines Easement
- ADL 419880 Mustang Road Easement
- Special Use Lands ADL 50666

Project Description: Proposed Activity, and Types of Equipment:

Activity would consist of year-round access to specified existing gravel roads in the KRU on the North Slope. Access would allow OSA to conduct activities consistent with previously approved

Division authorizations on State of Alaska land. Access would occur through reasonable and concurrent use of specified existing gravel roads in the KRU.

Table 1 - Generalized Equipment List	
Heavy Equipment (> 25,000 pounds)	Light Equipment (≤ 25,000 pounds)
Dump Trucks / Belly Dumps / Side Dumps	Pickup Trucks
Rock Truck	Terra Tuckers
Loaders	Snow Machines
Graders	Generators
Dozers	Light Plants
Compactor	Pump-House
Maxi Haul	Heater
Steiger	Trimmer
Excavator	Crew Bus
Pumper	Snow Blower
325 Water Tanker Potable	Tucker Sno-Cats
Water Truck Grey Water	Wheeled or tracked vibroseis units
Truck Enviro-Vac	Equipment trailers
Crane	Powder Truck
Winch Truck	Lab Trailer
Super Suckers	Expeditior Flatbed
Vac-Trucks	Lowboy Trailer
Watson Drill	End Dump
Water Buffalo	Drill & Compressor
Terra Gator	
Drillings Rigs	
Camp Modules	
Fuel Truck	
Lube Truck	
Mechanic Truck	

Land Status:

The proposed KRU Access Corridors are located on state land within the North Slope Borough.

KRU Access Corridors Oil and Gas Lease ADL's: 355024, 373301, 355023, 25513, 25514, 25520, 25519, 25630, 25629, 25633, 25634, 25632, 25643, 25547, 25546, 380107, 25544, 25528, 25641, 25646, 25653, 25654, 25655, 25656, 25570, 25569, 25587, 25586, 25589, 25590, 25603, 380051, 380052, 380054, 375074, 393665, 373112, 25647, 25648, 25651, 25650, 28243, 28242, 25639

Oil and Gas Mineral Estate Notification Lessee: CPAI

Project Area Legal Descriptions:

Meridian: Umiat

Township: 008N	Range: 007E	Sections: 4, 5, 8, 17
Township: 009N	Range: 007E	Sections: 3, 4, 9, 16, 21, 28, 33
Township: 010N	Range: 007E	Sections: 13, 14, 22, 23, 27, 34
	Range: 008E	Sections: 4, 5, 7, 8, 18
Township: 011N	Range: 008E	Sections: 12, 13, 23, 24, 26, 27, 28, 33
	Range: 009E	Sections: 1, 11, 12, 14, 15, 16, 19, 20, 21, 29
	Range: 010E	Sections: 3, 5, 6, 8, 9, 10, 13, 14, 15
	Range: 011E	Sections: 3, 7, 8, 10, 18
Township: 012N	Range: 007E	Sections: 2, 11, 12, 13
	Range: 008E	Sections: 17, 18, 20, 21, 22, 23, 24
	Range: 009E	Sections: 2, 3, 10, 11, 15, 16, 19, 20, 21, 22, 23, 25, 26, 29, 30, 36
Township: 013N	Range: 009E	Sections: 4, 5, 9, 16, 21, 22, 24, 25, 26, 28, 33, 34, 35

Scope of Decision:

This decision is reviewing the following activities for Division approval:

Use of specified existing gravel roads in the KRU as shown on the map in Appendix D: Map.

This decision is not reviewing the following activities for Division approval:

Use of other existing roads that are not specified in the permit application as shown on the map in Appendix D and off-road travel.

Agency Review:

The Division provided an Agency review and comment opportunity for the activities considered for authorization under this decision. The following government entities were notified on February 16, 2022, for comment on the application: North Slope Borough (NSB), US Fish and Wildlife Service (USFWS), US Army Corps of Engineers (USACE), Alaska Department of Fish and Game (ADF&G), Alaska Department of Environmental Conservation (ADEC), and DNR: Division of Mining Land and Water, and the Office of History and Archaeology (OHA). The comment deadline was 4:30 pm Alaska time on March 1, 2022. Comments were received by the DMLW SAIL section, the ADEC Drinking Water Program, and the ADEC Contaminated Sites Program. DMLW SAIL section comments were adequately addressed in existing stipulations. The remaining agency comments are summarized in Appendix B.

Public Review:

Public notice of any miscellaneous land use application is discretionary under 11 AAC 96.030(c) and was not initiated for this application. CPAI, as the holder of property interests in the area and operator of the KRU, was provided the opportunity to review and comment on the activities

considered for authorization under this decision. Oil Search also responded to comments provided by CPAI. The comments and Division response are summarized in Appendix C.

Annual Use Fee:

Under 11 AAC 05.180(d)(2)(J) OSA must provide payment of the annual use fee in the amount of \$300.00 due on or before the annual anniversary date. The annual use fee is subject to adjustments in the fee schedule as set forth in 11 AAC 05.010.

Performance Guarantee:

OSA has provided the Division with a performance guarantee under 11 AAC 96.060 in the amount of \$100,000.

Insurance:

The certificate of insurance has been furnished to the department and lists the State of Alaska, Department of Natural Resources as an additional named insured on the policy. The policy is issued by an insurer licensed to transact the business of insurance under AS 21.

Application Approved:

The Division received OSA's application on February 9, 2022. The Division reviewed the application and comments received on the application. The application following additional documentation from OSA is complete.

The application was made under 11 AAC 96.010(a)(3). The Division finds that the regulation is applicable. OSA seeks to use existing gravel roads in KRU to access OSA's interests in nearby state lands for oil and gas development.¹ The Division in prior authorizations has found OSA's projects to be in the best interest of the state. The Division finds that the use of existing gravel roads is consistent with the best interests of the state for development and management of state lands. The use of existing gravel roads in KRU is necessary to minimize environmental impacts in development of state land. Based on the comments from CPAI, OSA, and the Division's historical knowledge of KRU, the gravel roads have been used to support oil and gas development in KRU and other nearby units. OSA's proposed use of the existing roads is comparable in intensity and duration to past uses and existing uses of those same roads. The Division finds that OSA seeks reasonable concurrent use of state land on which CPAI holds subsurface leases and is the unit operator. Based on OSA's application and the comments by CPAI and OSA, the Division finds that the parties have been unable to agree on reasonable concurrent use of state lands. As implied in the regulation, the Division expects parties to reach agreements amongst themselves for reasonable concurrent uses of state lands. The oil and gas leases in KRU are the dominant interest and accordingly this permit does not grant OSA any preference or right over CPAI's reasonable use of the surface for operation of its oil and gas activities. OSA as the party seeking reasonable concurrent use must prevent and avoid

¹ The Division confirmed that the application contained a typographical error in one place regarding the mileage. The legal descriptions and map accompanying the application were consistent with the mileage considered in reviews by agencies and CPAI.

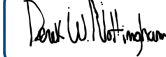
unreasonable interference with CPAI's operations. A commercial road use agreement for concurrent reasonable access therefore is the most efficient means of prevention and avoidance of unreasonable interference and the effectuation of reasonable concurrent uses. Accordingly, this permit shall be unnecessary and revoked once an agreement is reached. The permit includes conditions for notification, indemnification, and additional surety to protect the best interests of the state and avoid unreasonable interference.

Should any unforeseen issues arise, the Division has the authority to amend or revoke this permit. As detailed in this permit, the Division shall be notified if, during the conduct of activities, a surface use conflict occurs. All activities conducted under this permit are subject to inspection by the Division, and if damage occurs, appropriate interest holders will be engaged, and corrective action will be prescribed. The Division will impose additional provisions as necessary under 11 AAC 96.040 at any time during the activity approved under this permit to minimize impacts and conflicts.

The Division considered all facts material to this application including the permit provisions contained in this authorization per 11 AAC 96.040(b). The Division has determined that this permit as conditioned by the attached provisions for this non-permanent activity is in the state's interest. Stipulations in this permit authorization are necessary to protect the state's interest and the public interest.

Sincerely,

DocuSigned by:



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Derek Nottingham

Director, Division of Oil and Gas

A person affected by this decision may appeal it, in accordance with 11 AAC 02. Any appeal must be received within 20 calendar days after the date of "issuance" of this decision, as defined in 11 AAC 02.040(c) and (d) and may be mailed or delivered to the Commissioner, Department of Natural Resources, 550 W. 7th Avenue, Suite 1400, Anchorage, Alaska 99501; faxed to 1-907-269-8918, or sent by electronic mail to dnr.appeals@alaska.gov. Under 11 AAC 02.030, appeals and requests for reconsideration filed under 11 AAC 02 must be accompanied by the fee established in 11 AAC 05.160(d)(1)(F), which has been set at \$200 under the provisions of 11 AAC 05.160 (a) and (b). This decision takes effect immediately. If no appeal is filed by the appeal deadline, this decision becomes a final administrative order and decision of the department on the 31st calendar day after issuance. An eligible person must first appeal this decision in accordance with 11 AAC 02 before appealing this decision to Superior Court. A copy of 11 AAC 02 may be obtained from any regional information office of the Department of Natural Resources.

Appendices:

A: Stipulations

B: Agency Comments with Drinking Water Program recommendations attached

C: Comments

D: Map

ecc: DOG: SPCS Records, Units Section, Graham Smith, James Hyun, Ashley Ethridge, Alex Zinck, and Jacob Rowland

DMLW: Northern Region Office, SAIL Section, Contaminated Sites Section, and Henry Brooks

ADF&G: Maria Wessel, Audra Brase, and Chelsea Clawson

ADEC: Laurie Silfven, DEC Water Oil and Gas, and DEC Drinking Water Program

NSB: Planning Permitting

Other: USACE, USFWS, and DNR Parks OHA

APPENDIX A: STIPULATIONS

Oil Search (Alaska), LLC, as Permittee, shall conduct all activities in accordance with the following stipulations:

1. **Authorized Officer.** The Authorized Officer (AO) for the Department of Natural Resources (DNR) is the Director of Division of Oil and Gas (Director) or Director's designee. The AO may be contacted at 550 W 7th Ave., Suite 1100, Anchorage, Alaska 99501. The AO reserves the right to modify these stipulations or use additional stipulations as deemed necessary.
2. **Indemnification.** Permittee assumes all responsibility, risk, and liability for all activities of Permittee, its employees, agents, invitees, contractors, subcontractors, or licensees, directly or indirectly conducted in connection with this authorization, including environmental and hazardous substance risks and liabilities, whether accruing during or after the term of this authorization. Permittee shall defend, indemnify, and hold harmless the State of Alaska, its employees, and agents from and against any and all suits, claims, actions, losses, costs, penalties, and damages of whatever kind or nature, including all attorney's fees and litigation costs, arising out of, in connection with, or incident to any act or omission by Permittee, its employees, agents, invitees, contractors, subcontractors, or licensees, including but not limited to claims based on unnecessary or unreasonable interference with the rights or operations of other users in the KRU. Within 15 days Permittee shall accept any cause or action or proceeding upon tender by the State. This indemnification will survive the termination of this authorization.
3. **Valid Existing Rights.** This authorization is subject to all valid existing rights in and to the land. The State of Alaska makes no representations or warranties whatsoever, either expressed or implied, as to the existence, number, or nature of valid existing rights.
4. **Reservation of Rights.**
 - a. The Division reserves the right to grant additional authorizations to third parties for compatible uses on or adjacent to the land under this authorization. Authorized concurrent users of State land, their agents, employees, contractors, subcontractors, and licensees shall not interfere with the operation or maintenance activities of each user.
 - b. The AO reserves the right to modify these stipulations or use additional stipulations as deemed necessary. Permittee will be notified in writing prior to the implementation of any change in the terms or conditions exercised by the AO under this provision. Permittee will be afforded the opportunity to review and comment regarding the effect of any proposed change to this authorization. Failure of the Permittee to notify the AO of any change to current officers or addresses shall not be sufficient grounds to invalidate the AO's compliance with this notification process.
 - c. The AO has the right at any time to modify or revoke this permit.
5. **Proper Location.** This authorization is for activities on State land managed by the Division and does not authorize any activities on private lands, federal lands, Native lands, municipal lands, or lands that are owned or managed by other offices and agencies of the State of Alaska or the DNR. The Permittee is responsible for proper location on site.

6. **Preference Rights.** No preference right for use or conveyance of the land is granted or implied by this authorization.
7. **Public Trust Doctrine.** The Public Trust Doctrine guarantees public access to, and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. This authorization is subject to the principles of the Public Trust Doctrine regarding navigable or public waters. The AO reserves the right to grant other interests consistent with the Public Trust Doctrine.
8. **Public Access.** The construction, operation, use, and maintenance of the authorized area shall not interfere with public use of roads, trails, waters, landing areas, and public access easements. The ability to use or access state land or public waters may not be restricted in any manner. However, if a specific activity poses a safety concern, the AO may allow the restriction of public access for a specific period of time. The Permittee is required to contact the AO in advance for approval. No restriction is allowed unless specifically authorized in writing by the AO.
9. **Public safety.** The Permittee must watch for, provide verbal warning to and document people or vehicles entering potentially dangerous areas of the project. Lighting and marking with lath or fluorescent tape of some project work areas is advised for activities that occur during periods of sustained darkness or where conditions are unsafe for humans or animals.
10. **The Alaska Historic Preservation Act.** The Permittee shall consult the Alaska Heritage Resources Survey so that known historic, archaeological, and paleontological sites may be avoided. The Alaska Historic Preservation Act (AS 41.35.200) prohibits the appropriation, excavation, removal, injury, or destruction of any state-owned historic, prehistoric (paleontological) or archaeological site without a permit from the commissioner. Should any sites be discovered during field operations, activities that may damage the site will cease and the Office of History and Archaeology in the Division of Parks and Outdoor Recreation shall be notified immediately.
11. **Destruction of Markers.** All survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed lease corner posts shall be protected against damage, destruction, or obliteration. The Permittee shall notify the AO of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the Permittee's expense in accordance with accepted survey practices of the Division.
12. **Compliance with Governmental Requirements: Recovery of Costs.** Permittee shall, at its expense, comply with all applicable laws, regulations, rules, and orders, and the requirements and stipulations included in this authorization. Permittee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
13. **Incurred Expenses.** The AO shall in no way be held liable for expenses incurred by the Permittee connected with the activities directly or indirectly related to this authorization.
14. **Other Authorizations.** The issuance of this authorization does not alleviate the necessity of the Permittee to obtain authorizations required by other persons or agencies for this project. Failure to obtain said authorizations shall constitute a violation of this authorization, subject to action as described herein.

15. Fire Prevention, Protection and Liability. The Permittee shall take all reasonable precautions to prevent and suppress fires and shall assume full liability for any damages to state land resulting from negligent use of fire. The State of Alaska is not liable for damage to the Permittee's personal property and is not responsible for fire protection of the Permittee's activity.

16. Fuel and Hazardous Substances. The use or storage of hazardous substances by the Permittee must be done in accordance with existing federal, state, and local laws, regulations, and ordinances. Debris (such as soil) contaminated with used motor oil, solvents, or other chemicals may be classified as a hazardous substance and must be removed and disposed of in accordance with existing federal, state and local laws, regulations and ordinances. In addition to existing federal, state and local laws, regulations and ordinances:

- a. The Permittee shall provide secondary containment for fuel or hazardous substances, as defined under AS 46.03.826 (5) or under 42 U.S.C. 9601 (14)F.
- b. Container marking. All independent fuel and hazardous substance containers must be marked with the contents and the Permittee's name using paint or a permanent label.
- c. Fuel or hazardous substance transfers. Secondary containment or surface liners must be placed under all container or vehicle fuel tank inlet and outlet points, hose connections, and hose ends during fuel or hazardous substance transfers. Appropriate spill response equipment must be on hand during any transfer or handling of fuel or hazardous substances to respond to a spill of up to five gallons. Transfer operations must be attended by trained personnel at all times. Vehicle refueling must not occur within the annual floodplain or tidelands. This restriction does not apply to water-borne vessels provided no more than 30 gallons of fuel are transferred at any given time.
- d. Storing containers within 100 feet of waterbodies. Containers with a total capacity larger than 55 gallons, which contain fuel or hazardous substances, shall not be stored within 100 feet of a waterbody.
- e. Exceptions. DNR may, under unique or special circumstances, grant exceptions to this stipulation on a case-by-case basis. Requests for exceptions should be made to the DNR.
- f. Permittee shall protect the property from leaking or dripping hazardous substances or fuel from equipment and vehicles. The Permittee shall comply with this stipulation by placing drip pans or other surface liners designed to catch and hold fluids under the property or by developing an area for storage using an impermeable liner or other suitable containment mechanism.
- g. Definitions.
 - i. "Containers" means any item used to hold fuel or hazardous substances. This includes tanks, drums, double-walled tanks, portable testing facilities, fuel tanks on small equipment including light plants and generators, flow test-holding tanks, slop oil tanks, bladders, and bags. Manifolded tanks or any tanks in a series will be considered as single independent containers. Vehicles, including mobile seismic tanks, are not included under this definition.
 - ii. "Hazardous substances" are defined under AS 46.03.826(5) as (a) an element or compound which, when it enters the atmosphere, water, or land, presents an imminent and substantial danger to the public health or welfare, including fish, animals, or vegetation; (b) oil; or (c) a substance defined as a hazardous substance under 42 U.S.C. 9601(14).

- iii. "Secondary containment" means an impermeable diked area, portable impermeable containment structure, or integral containment space capable of containing the volume of the largest independent container. The containment shall, in the case of external containment, have enough additional capacity to allow for local precipitation.
- iv. "Surface liner" means any safe, non-permeable container (e.g., drip pans, fold-a-tanks, etc.) designed to catch and hold fluids for the purpose of preventing spills. Surface liners should be of adequate size and volume based on worst-case spill risk.

17. Spill Notification.

- a. The Permittee or entryperson shall immediately notify the Alaska Department of Environmental Conservation (ADEC) by telephone, and immediately afterwards send ADEC a written notice by facsimile, hand delivery, or first-class mail, informing ADEC of: any unauthorized discharges of oil to water, any discharge of hazardous substances other than oil; and any discharge or cumulative discharge of oil greater than 55 gallons solely to land and outside an impermeable containment area. If a discharge, including a cumulative discharge, of oil is greater than 10 gallons but less than 55 gallons, or a discharge of oil greater than 55 gallons is made to an impermeable secondary containment area, the Permittee or entryperson shall report the discharge within 48 hours, and immediately afterwards send ADEC a written notice by facsimile, hand delivery, or first-class mail. Any discharge of oil greater than one gallon up to 10 gallons, including a cumulative discharge, solely to land, must be reported in writing on a monthly basis. The posting of information requirements of 18 AAC 75.305 shall be met. Scope and Duration of Initial Response Actions (18 AAC 75.310) and reporting requirements of 18 AAC 75, Article 3 also apply.
- b. The Permittee or entryperson shall supply ADEC with all follow-up incident reports. Notification of a discharge must be made to the nearest ADEC Area Response Team during working hours: Anchorage (907) 269-3063, fax (907) 269-7648; Fairbanks (907) 451-2121, fax (907) 451-2362; Juneau (907) 465-5340, fax (907) 465-2237. The ADEC oil spill report number outside normal business hours is (800) 478-9300.
- c. The Permittee or entryperson shall immediately notify the AO and the DNR Division of Mining Land and Water (DMLW) of any spill or discharge that is reported to ADEC. DMLW can be notified via email at dnr.nro.spill@alaska.gov.
- d. The Permittee or entryperson shall immediately notify the AO of any pollution, fire, or explosion in the project area.

18. Site Maintenance. The area shall be maintained in a neat, clean, and safe condition, free of any solid waste, debris, or litter. The State of Alaska assumes no responsibility for maintenance of improvements constructed on state land or liability for injuries or damages attributed to that construction.

19. Operation of Vehicles.

- a. During equipment maintenance operations, the site must be protected from leaking or dripping hazardous substances or fuel. The Permittee shall comply with this stipulation by placing drip pans or other surface liners designed to catch and hold fluids under the property or by developing an area for maintenance using an impermeable liner or other suitable containment mechanism.
- b. Incidents of tundra damage and follow-up corrective actions that may have taken place while operating under this authorization must be reported to DNR within 72 hours of discovery of damage.

c. Abandonment of vehicles is prohibited.

- 20. Severability.** If any clause or provision of this authorization is, in a final judicial proceeding, determined illegal, invalid, or unenforceable under present or future laws, then the AO and Permittee agree that the remainder of this authorization will not be affected, and in lieu of each clause or provision of this authorization that is illegal, invalid, or unenforceable, there will be added as part of this authorization a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible, legal, valid, and enforceable.
- 21. Waiver of Forbearance.** Any failure on the part of the AO to enforce the terms of this authorization, or the waiver of any right under this authorization by the Permittee, unless in writing, shall not discharge or invalidate the authorization of such terms. No forbearance or written waiver affects the right of the AO to enforce any terms in the event of any subsequent violations of terms of this authorization.
- 22. Amendment or Modification.** To amend or modify the uses allowed under this authorization, the Permittee shall submit a request in writing to the AO. Any amendment or modification must be approved by the AO and may require additional fees.
- 23. Change of Address or Officers.** Any change of address or authorized officers appointed by the Permittee must be submitted in writing to the AO.
- 24. Request for Information.** The AO, at any time, may require the Permittee to provide any information directly or indirectly related to this authorization, in a manner prescribed by the AO.
- 25. Performance Guaranty.** To ensure performance with all terms of the permit, and to cover the potential cost of restoring the site, the Permittee will maintain security acceptable to the state as set forth on page six of this Approval Decision.
- 26. Surety Bond.** In addition to the insurance requirements and performance guaranty, prior to use of the permit, Permittee shall provide DNR a bond in a form acceptable to DNR and from a surety acceptable to DNR in the amount of \$2,000,000 ("the Surety Bond"). The Surety Bond shall secure performance of Permittee's obligations under Stipulation 2 of this permit. In the event that the Surety Bond is drawn against or depleted below the amount of \$2,000,000, Permittee shall replenish the bond within ten days.
- 27. Insurance.** The Permittee shall maintain insurance to protect the State from risks associated with the planned activities during the term of the permit. The Permittee shall maintain a comprehensive general liability insurance policy with the state named as an additional insured party. The insurance requirement must be for no less than \$1,000,000.00 per occurrence and \$2,000,000.00 per annual aggregate. The insurance requirement may be adjusted periodically by the Division.
- 28. Notices to KRU Operator.** The Permittee shall provide advance notice in writing to the KRU operator, currently CPAI, of any plans and subsequent modifications of those plans that may cause an obstruction to normal activity in the Access Corridors lying within the boundaries of the KRU that is the subject of this Approval Decision. Notice must be given at such time and in such detail to allow the KRU operator

to timely request modification of Permittee's plans for the purpose of preventing unnecessary or unreasonable interference with operations conducted by the KRU operator. Notice to the KRU operator must be provided during emergencies in a manner and to the extent reasonably practicable. Any controversy arising from a timely request for modification provided by the KRU operator that cannot be resolved between the Permittee and KRU operator, shall be submitted to the AO for mediation and resolution.

29. Drinking Water. ADEC Drinking Water regulations 18 AAC 80 apply to public water systems. See Appendix B: ADEC Drinking Water Program comments.

30. Wildlife Stipulations.

- a. All activities shall be conducted in a manner to minimize or avoid disturbance to wildlife and their habitat. Hazing of wildlife is prohibited unless a Health Safety and Environment concern is present.
- b. Activities must avoid occupied grizzly bear dens and black bear dens, by one-half mile unless alternative mitigation measures to minimize disturbance are authorized by the Division after consultation with ADFG. Known den locations shall be obtained from the nearest ADFG Division of Wildlife Conservation office prior to starting operations. Occupied dens encountered in the field must be reported to the above, and subsequently avoided.
- c. The Permittee shall abide by the provisions of Alaska's wildlife feeding regulation, 5 AAC 92.230.
- d. Activities within State-designated special areas (AS 16.20.010- .162, .500-.690) will be conducted in a manner consistent with the area's statutes regulations and management plan.
- e. Activities must avoid known polar bear dens by one mile. Known den locations shall be obtained from the U.S. Geological Survey (907-786-3800 or 800-362-5148) prior to starting operations. New dens encountered in the field must be reported to the above, and subsequently avoided by one mile.

31. Reporting Stipulations.

- a. A summary record of all surface impacts, lost equipment, spills, fires, and unintended explosions, shall be included in the AO's travel report. Rehabilitation, if required, shall be completed to the satisfaction of the DNR.
- b. All fires and explosions that require a response to protect life and property must be reported to DNR and ADEC immediately and shall be supplied with all follow-up incident reports.
- c. The AO shall be notified in Anchorage by telephone at 907-269-8800 and by email at dog.permitting@alaska.gov if, during the conduct of activities, state resources are damaged, or a conflict occurs.
- d. The Permittee shall make available a copy of the MLUP application, all subsequent modifications, and a copy of this permit and all its attachments to any interested party upon request in a reasonable time.
- e. A monthly travel report shall be submitted to DOG Permitting at the end of every month. This report shall contain the following information for each Access Corridor as shown in the map in Appendix D:
 - i. List of vehicles, routes, and frequencies that traveled the Access Corridors.
 - ii. A report covering any known incidents of damage to roads and/or tundra and follow-up

corrective actions that may have taken place while operating under this permit.

Additional Stipulations

The Access Corridors as referred to in these stipulations are depicted on the map included in Appendix D.

32. Road Access and Use Coordination with Unit Operator. Corridor access and use will be conducted by Permittee and those operating on behalf of Permittee on land owned by the State of Alaska. Permittee, or those conducting Access Corridor use on behalf of Permittee, will coordinate such use with the KRU operator consistent with best practice.

- a. Access and Use. This permit allows for Permittee non-exclusive access to and use of the Access Corridors to the extent that such use does not interfere with KRU operations. CPAI's use of the KRU Access Corridors to conduct unit operations shall take priority over Permittee's access to and use of the Access Corridors.
- b. Qualifications of Drivers. Permittee shall ensure that all drivers operating any vehicle within the Access Corridors are properly trained, licensed and insured for the type of driving and vehicle involved.
- c. Responsibilities of Access Corridors Users. Permittee shall ensure users accessing the Access Corridors and conducting use on behalf of Permittee, do not:
 - i. store any equipment or supplies, including but not limited to fuel or petroleum products on or along the Access Corridors or in any other location within the KRU without explicit, prior authorization;
 - ii. conduct any fuel, lubricant, or other liquid transfers on or along the Access Corridors or in any other location within the KRU without authorization;
 - iii. leave or allow any equipment, materials, trash, waste, or other items of any kind to be discarded, left, or stored on or alongside the Access Corridors or in any other location within the KRU without authorization;
 - iv. stop for any extended period of time (i.e., longer than 1 hour) for any reason on or along the Access Corridors except in the event of an emergency, without express written authorization; nor
 - v. store or offload any equipment, supplies, or fuel on any KRU gravel pad, without express written authorization.
- d. Permittee shall ensure users that are accessing the Access Corridors and conducting use on behalf of Permittee properly and promptly:
 - i. secure and cover all loads;
 - ii. report all spills or discharges to KRU operator in addition to all other legally required reporting as this stipulation does not replace federal, state, or local reporting requirements;
 - iii. clean up, remediate, and report any spills or discharges to the applicable state or federal agency as required by any law, regulation, or permit.
- e. Coordination of Extraordinary Uses. Permittee shall ensure that all users accessing Access

Corridors and conducting use on behalf of Permittee shall contact KRU operator at least 48 hours in advance to coordinate use of the Access Corridors for extraordinary purposes such as rig, camp module or tracked vehicle movement to prevent potential joint use conflicts.

- f. Responsibility for Damages. Permittee shall promptly notify the KRU operator of any problems with the Access Corridors, including any damage caused by users conducting use on behalf of Permittee. Permittee shall be responsible for arranging reimbursement to the KRU operator for costs associated with repairing damages to the Access Corridors caused by users conducting use on behalf of Permittee.
- g. Insurance. Permittee shall obtain and maintain at all times while using the Access Corridors, from an insurer authorized in Alaska, all insurance required by law and liability and property insurance (including pollution insurance) in coverage amounts reasonably calculated to cover the risks presented by use of the Access Corridors for Permittee's operations.
- h. Operational Notices. All communications respecting day-to-day operation within the Access Corridors, will be given by telephone and confirmed by email, as Permittee and the KRU operator may designate from time to time.

33. Wildlife Interaction Plan. For all year-round existing road use, the best practices outlined in Permittee's Wildlife Interaction Plan will be followed.

34. Water Use and Waste Management. There are no expected consumptive water resources required. Minimal waste is expected to be generated; any waste will be backhauled to a NSB Service Area 10 Facility for disposal.

35. Spill Prevention and Response. The best practices outlined in Permittee's approved Oil Discharge Prevention and Contingency will be followed.

36. Emergency and Medical Plan. Permittee will conduct these activities in accordance with its standard operating procedures and emergency response procedures.

37. Cultural Resources. Travel within existing Access Corridors has limited chance of encountering unknown historical properties or cultural resources. In the remote chance, should cultural resources be discovered, travel in the vicinity of the find will cease, the Office of History and Archaeology/State Historic Preservation Office will be notified, and a professional archaeologist will be consulted.

I acknowledge, and agree to these Permit terms, conditions, and stipulations.

Authorized Representative Signature

Date

Authorized Representative Printed Name

APPENDIX B: AGENCY COMMENTS

All comments were forwarded to and acknowledged by OSA.

ADEC Drinking Water Program comment:

Given the location(s) provided, this MLUP is near active registered PWS sources (see summary table below). For this reason, we ask that the applicant please adhere to the Recommendations for General Project Activities (Appendix C), where applicable.

Public Water System ID (PWSID):

AK2330070

Water System Name:

ENI PETRO OLIKTOK/OPP & NIKAITCHUQ/NOC

Water System Classification:

Non-Transient Non-Community Water System

State Assigned Source ID:

WL001, WL002, WL003

Source Name:

WELL 1 OF 3 SHALLOW SLANT WELLS, WELL 2 OF 3 SHALLOW SLANT WELLS, WELL 3 OF 3 SHALLOW SLANT WELLS,

Source Water Type:

Groundwater

Source Facility Type:

Well

Public Water System ID (PWSID):

AK2333241

Water System Name:

CONOCOPHILLIPS KUPARUK IND. CENTER

Water System Classification:

Non-Transient Non-Community Water System

State Assigned Source ID:

IN001

Source Name:

INTAKE UGNURAVIK RIVER RESERVOIR, BIN1

Source Water Type:

Surface Water

Source Facility Type:

Intake

Public Water System ID (PWSID):

AK2330031

Water System Name:

CONOCOPHILLIPS KUPARUK OPERATIONS CENTER

Water System Classification:

Non-Transient Non-Community Water System

State Assigned Source ID:

IN001

Source Name:

INTAKE UGNURAVIK RIVER RESERVOIR, BIN1

Source Water Type:

Surface Water

Source Facility Type:

Intake

Public Water System ID (PWSID):

AK2333364

Water System Name:

MILNE POINT UNIT – HILCORP

Water System Classification:

Non-Transient Non-Community Water System

State Assigned Source ID:

IN001

Source Name:

6 MILE LAKE/MINE SITE B – PRIMARY SOURCE

Source Water Type:

Surface Water

Source Facility Type:

Intake

To access our interactive web map, which displays PWS source locations and Drinking Water Protection Areas, please visit: <http://www.arcgis.com/home/item.html?id=13ed2116e4094f9994775af9a62a1e85>.

ADEC Contaminated Sites Program comment:

If OSA will be conducting operations that disturb a Contaminated Site they should coordinate directly with the Contaminated Sites Program. Any newly discovered historic contamination must also be reported to the department.



June 4, 2021

Recommendations for general project activities associated with, or near, a public water system source

The following recommendations are intended to address potential impacts of projects, to be permitted or otherwise, in which planned activities are associated with, or near, a public water system (PWS) source (e.g., water well, spring, surface water intake, etc.). The key aspects of these recommendations are to identify nearby PWS sources, establish appropriate points of contact for the applicant and PWS, and implement best management practices.

Authority:

18 AAC 80.015. Well protection, source water protection, and well decommissioning.

- a) A person may not
 - (1) cause pollution or contamination to enter a public water system; or
 - (2) create or maintain a condition that has a significant potential to cause or allow the pollution or contamination of a public water system.

Recommendations:

- 1) Identify on a legible map if any part of the project is within a Drinking Water Protection Area (DWPA) for a PWS source. DWPAs can be found using the interactive web map application, “**Alaska DEC Drinking Water Protection Areas**”, located at <https://dec.alaska.gov/das/GIS/apps.htm>. Links to basic instructions for using this web map can be found on the map description page. If you experience problems accessing the map, please contact the Drinking Water Source Protection group at (907) 269-7549, or chris.miller@alaska.gov.
- 2) Where the project/permit intersects a DWPA, notify the associated PWS contact and provide the following:
 - a) A brief description of the project location and associated activities; and
 - b) Project contact information.

PWS contact information can be obtained using the hyperlink from within the pop-up information for each PWS source in the web map, or directly by using the online application called “Drinking Water Watch”, found at <https://dec.alaska.gov/DWW/>.

- 3) Within the identified DWPA, control stormwater and wastewater discharge such that it is directed away from the PWS.

Recommendations for general project activities associated with, or near, a public water system source (continued)

- 4) Within the identified DWPA, restrict project/permit activities that could significantly and/or permanently change the natural surface water or groundwater levels of the water sources immediately contributing to the PWS.
- 5) Within the identified DWPA, implement voluntary best management practices suited to your project where equipment storage, maintenance and operation, or other potential sources of contamination are located to minimize the potential for PWS source contamination.
- 6) Restrict project activities
- 7) Restrict or limit equipment storage, maintenance and operation, and other potential sources of contamination, within the following high-priority DWPA Zones:
 - a) Zone A DWPA (several-months-time-of-travel for contributing groundwater, or 1,000-foot buffer of the contributing surface water body and its immediate tributaries);
 - b) Zone E DWPA (1,000-foot buffer of the contributing surface water body and its immediate tributaries for a source using groundwater under the direct influence of surface water (GWUDISW)); or
 - c) Provisional DWPA (1,000-foot radius around a PWS source).
- 8) All non-proprietary data related to the project/permit, including but not limited to, water quality results (field and lab), survey data, water levels, subsurface lithologic descriptions and depth, and groundwater flow direction and gradient information, should be made available to the permitting agency upon request.
 - a) When associated with the development, construction, modification, or operation of a PWS, follow the requirements in DEC Drinking Water regulations 18 AAC 80, <https://dec.alaska.gov/eh/dw/regulations/>.
- 9) Keep a list of PWS contacts and agency spill reporting contacts readily available.
 - a) Immediately notify contacts of any potential contamination event, such as spills or excess erosion.

Sincerely,

Charley Palmer, *Hydrologist III*
DEC Drinking Water Source Protection
E-mail: charley.palmer@alaska.gov
Phone: (907) 269-0292

Alternate contacts:

Chris Miller, Environmental Program Specialist IV, chris.miller@alaska.gov
Kalah Statz, Environmental Program Specialist III, kalah.statz@alaska.gov

APPENDIX C: CPAI COMMENTS

Comments on the February 9, 2022, Oil Search (Alaska), LLC Miscellaneous Land Use Application for Use of Kuparuk River Unit (KRU) Roads were submitted to the Department of Natural Resources, Division of Oil and Gas on March 14, 2022, by ConocoPhillips Alaska, Inc. (CPAI). Below is a summary of the comments submitted by CPAI and the Division response:

CPAI March 14, 2022 Comment Summary:

The OSA Application is not a request for “access” to state resources and is not about any denial of access across or to state oil and gas leases. The KRU roads are the private property of the KRU owners. The State has long recognized that the KRU roads are the private property of the KRU owners. The KRU roads were built under exclusive use terms of the KRU leases. DNR has treated the KRU roads as the private property of the KRU owners for more than 50 years. At least six recent DNR decisions related to the Pikka Project have held that KRU roads may only be used by agreement with the KRU owners. OSA has agreed the KRU roads are the private property of the KRU owners. OSA’s proposal to sell the Pikka Project roads acknowledges the valuable private property rights in roads constructed by oil and gas lessees. The Alaska Constitution prohibits the State from taking private property without compensation. DNR does not have authority to take private property. No other contractual right gives DNR authority to transfer private property from one person to another. Permits and permit conditions do not supersede the KRU owners’ lease and unit rights. DNR does not have authority to regulate the commercial terms of private road use. Other assertions in the OSA Application have no merit. The OSA Application is a request for a subsidy from the KRU owners. CPAI has provided a commercially reasonable proposal to OSA for long-term KRU road use. CPAI has proposed terms for long-term KRU road use substantially equivalent to the terms OSA impliedly considered reasonable for long-term use of Pikka Project roads. OSA’s contention that CPAI has demanded \$600 million for use of KRU roads is not accurate.

Division Response:

The CPAI comments do not provide any basis for denying OSA’s application for a permit for access to existing gravel roads in the KRU on the North Slope. In the relevant leases, the State specifically reserved the right to grant permits authorizing other persons to enter upon and use the lands that are the subject of the leases. DNR may grant such a permit with conditions that require the permittee not to unnecessarily or unreasonably interfere with the lessee’s operations under the lease. *See* Form No. DL-1 at para. 29; Form No. DMEM-4-83 at para. 2 and Lease Stipulations at para. 7.

The Alaska Constitution provides that all State oil and gas leases are subject to reasonable concurrent use. AK Const., Art. VIII, Sec. 8. In addition, as CPAI acknowledges in its comments, 11 AAC 96.010(a) authorizes DNR to grant a permit to a person in situations where the parties “cannot agree on what constitutes *reasonable concurrent use*.” CPAI Comments, p. 6 (emphasis in the original).

It is clear from CPAI's comments that OSA and the KRU owners cannot agree on what is reasonable concurrent use.² DNR is therefore authorized to act under 11 AAC 96.010(a). The permit authorizes OSA access to certain existing KRU roads for specific activities and constitutes a reasonable concurrent use of the leased KRU lands. The permit also contains Stipulations that require OSA to avoid unnecessarily or unreasonably interfering with the operations of the KRU Unit.

CPAI's Comments argue that the KRU roads are the private property of the KRU owners and therefore DNR cannot grant the requested permit. The status of the KRU owner's property interest in the gravel used for the KRU roads is irrelevant to whether DNR may issue the requested permit. Even if one were to assume for the sake of argument that the KRU roads are the private property of the KRU owners,³ the KRU owners placed those roads on State lands *subject to the requirements of the leases*. The relevant leases authorized the KRU owners to make improvements and to conduct operations on State lands but only on the condition that the lessees allow reasonable concurrent use of those lands as required by the Alaska Constitution. Nothing in the leases exempts the portion of the leased lands upon which the KRU roads are located from this requirement.

CPAI asserts that the "exclusive" rights granted under paragraph 1 of Form No. DL-1 prevent the State from granting this permit. This is not correct. Paragraph 1 grants the lessees exclusive rights with respect to use of the leased property for a specific purpose and in furtherance thereof, which are: (1) exploration, development, production, processing, and marketing of oil, gas, and associated substances produced therewith; (2) installing pipe lines and structures to find, produce, save, store, treat, process, transport take care of and market all such substances; (3) drilling water wells and taking underground and surface water for use in the lessees operations; and (4) housing and boarding employees on the leased lands. The permit grants OSA limited

² CPAI's Comments assert that OSA's permit request is not a request for access "to develop state oil and gas resources in the Pikka Project." CPAI Comments, p. 3. CPAI's Comments, however, also state that OSA's request for access is for the "long-term development and operation of the Pikka Project." *Id.* The Pikka Project is an oil and gas development project. Consequently, CPAI's Comments actually acknowledge that OSA's requested access *is* for the development of state oil and gas resources.

³ The State also has an interest in the KRU roads. For example, the State can require that the roads be left in place after the expiration of the leases. *See* KRU Agreement Sec. 14.4, Form No. DL-1, para. 36, Form No. DMEM-4-83.

CPAI also claims that Section 3.7 of the KRU Agreement provides that the KRU roads are the exclusive personal property of the KRU owners. Section 3.7 does not support that argument. Section 3.7 provides that "other facilities" shall remain personal property of the KRU owners. Roads, however, are not commonly understood to be "facilities." In addition, Section 3.7 provides that "other facilities" may be removed by the KRU owners. Under Section 14.4, however, the KRU owners do not have the right to remove the roads at the termination of the lease if the Commissioner requires those roads to remain intact. Under normal canons of contract construction, the term "roads" should not be included within the definition of "other facilities" in order to avoid conflict between different provisions of the agreement.

access to existing KRU roads. It does not grant OSA any right with respect to (1) through (4) above. Therefore, the permit does not grant any rights that were exclusively granted to the lessees.

The Stipulations in the permit also require OSA not to engage in actions that would unnecessarily or unreasonably interfere with the operations of the KRU. The permit therefore complies with the requirement in the leases that the State impose conditions on any permits to prevent unnecessary or unreasonable interference with the rights of the lessees or their operations.

With respect to CPAI's argument that DNR has previously required OSA to use KRU infrastructure "by 'agreement' with the KRU owners," that argument has no relevance in this case. As CPAI acknowledges, DNR is specifically authorized to grant a permit under 11 AAC 96.010(a) if the parties cannot agree on what constitutes reasonable concurrent use. That is the case here.

CPAI's Comments also argue that granting the permit would constitute a taking under the Alaska Constitution. As discussed above, DNR's grant of the permit is authorized by the relevant leases, 11 AAC 90.010(a) and the Alaska Constitution, among other authorities. Further, granting OSA access to the roads subject to the conditions of the permit does not materially disadvantage the KRU owners or their use of the roads in any way. For example, the Stipulations require that OSA give the KRU operator notice of any activities that may obstruct the normal KRU operations and allows KRU to request modifications of those activities in order to prevent unnecessary or unreasonable interference with KRU operations. The Stipulations also require OSA to reimburse the KRU operator for any damage to the KRU roads that it may cause. The permit is thus structured to ensure that there is *de minimis* impact on the KRU owners. It does not constitute a taking. Moreover, the permit will terminate when the parties reach a commercial road use agreement.

CPAI's Comments also contend that the grant of the permit would require the KRU owners to subsidize OSA. The permit does not require the KRU owners to subsidize OSA. The KRU owners are not required to take any actions on behalf of OSA. The permit authorizes use of *existing* KRU roads; it does not require the KRU owners to build any roads. In addition, OSA is required to reimburse the KRU operator for any damage to the KRU roads.

CPAI's Comments also state the KRU owners have offered reasonable commercial terms for KRU road use to OSA. That is not relevant to whether the permit should be granted. Here, the parties have not been able to reach an agreement. DNR is authorized to act in that situation in order to protect the interests of the State in the efficient development of its oil and gas resources. As stated in the permit, OSA is encouraged to negotiate in good faith with the KRU owners to reach a reasonable commercial road use agreement.

CPAI March 23, 2022 Comment Summary:

CPAI reiterates that it has proposed commercially reasonable terms to OSA for long-term road use. CPAI has allowed OSA to use KRU roads for free. CPAI's proposal is equivalent or lower than OSA's proposal for long-term use of PKU roads. OSA's anticipated use of the KRU road system is unique, and unlike other operators, OSA will not contribute capital for other KRU infrastructure. CPAI describes OSA's anticipated use of KRU roads as heavier use than any other non-KRU operator. CPAI has not blocked access and estimates a cost savings of \$1.3 billion to OSA by not having to construct its own road system. OSA's refusal to even consider an agreement with CPAI to use KRU roads is unreasonable and an impermissible attack on DNR orders related to the PKU. CPAI will continue to make KRU roads available to OSA for use on commercially reasonable terms. CPAI will leave its February 25, 2022, proposal to OSA for long term KRU road use.

Division response:

See prior response. The Division notes that CPAI's discussion on terms for road use do not appear to be in any manner tied to anticipated unreasonable interference or damages from reasonable concurrent use based on CPAI's information. Any past efforts by OSA regarding PKU roads or estimates of costs to *construct* roads are not relevant to this permit regarding reasonable concurrent *use*.

OSA's March 18, 2022 Comment Summary:

OSA responds to CPAI's March 14, 2022 comments. The State has authority for the permit. OSA disagrees that the KRU roads are "personal, private property" of KRU owners. The MLUP sought by OSA will not cause "unnecessary or unreasonable interference" with KRU operations. The State must ensure OSA access by granting the permit. DOG could address unreasonable interference. OSA would be responsible under permit stipulations to indemnify the State for damages. The MLUP will not result in a taking of CPAI property. CPAI's actions are unprecedented. OSA has not agreed KRU roads are private property of CPAI. OSA seeks the permit due to uncertainty of access. CPAI lacks authority to commercialize use of KRU roads for third parties off-unit use. OSA seeks relief from CPAI illegitimate claims, not a subsidy.

Division response:

See decision and prior responses to comments.

OSA's March 25, 2022 Comment Summary:

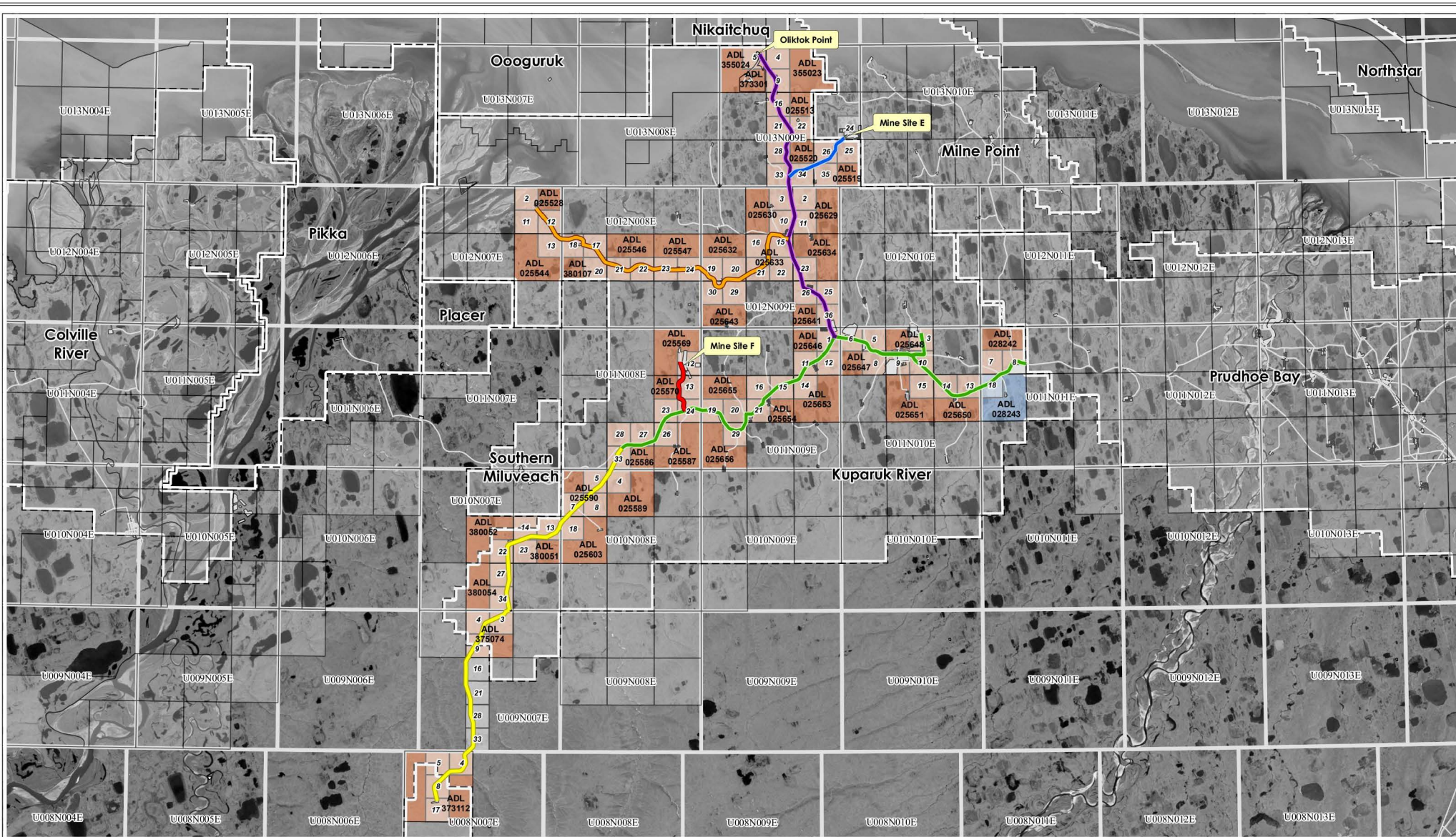
OSA responds to CPAI's March 23, 2022, comments. OSA has offered to pay \$60 million for use of KRU roads and is not seeking free use. The AIDEA financing arrangement is a red herring. State leases do not allow leaseholders to use surface lands to operate businesses unrelated to development of the subsurface. CPAI does not have the right to condition KRU road access on

payment for capital costs of unrelated KRU infrastructure. State oil and gas leases were offered with the understanding of access and is reflected in bonus bids received by the State.

Division response:

See decision and prior responses to comments.

APPENDIX D: MAP



Santos

- | | | |
|--|--|--|
| — ACCESS CORRIDOR 1 (23.21-mile) | — ACCESS CORRIDOR 6 (14.02-mile) | NS LEASES OTHER |
| — ACCESS CORRIDOR 2 (13.49-mile) | TOWNSHIP BOUNDARY | GRAVEL ROADS OTHER |
| — ACCESS CORRIDOR 3 (3.03-mile) | IMPACTED SECTIONS | GRAVEL PADS |
| — ACCESS CORRIDOR 4 (2.32-mile) | CPAI LEASES | UNIT BOUNDARY |
| — ACCESS CORRIDOR 5 (19.46-mile) | EXXON LEASES | |



OIL SEARCH (ALASKA), LLC
A SUBSIDIARY OF SANTOS LIMITED
PIKKA DEVELOPMENT
Figure 1
ACCESS CORRIDORS

GCS: NAD 1983 StatePlane Alaska 4 FIPS 5004 Feet
DATE: 2/9/2022, REV: 1.0, BY: JB
Document name: APLIND-GEN-NS-GEN_generalActivities

